



DEPARTMENT OF STATE

Washington, D.C. 20520

December 24, 1968

SENIOR INTERDEPARTMENTAL GROUP

Chairman's Summary
of
Discussion and Decisions
at the
48th SIG Meeting on December 19, 1968

Present:

The Under Secretary of State, Chairman
The Deputy Secretary of Defense
The Chairman, Joint Chiefs of Staff
Admiral Taylor for the Director, Central
Intelligence Agency
Mr. Poats for the Administrator, Agency
for International Development
Mr. Akers for the Director, United States
Information Agency
The Under Secretary of Treasury
The Under Secretary of State for Political
Affairs
The Deputy Under Secretary of State for
Political Affairs
SIG Staff Director

SSDSG - Ambassador McClintock
- General McDonald
DOD - Dr. Halperin
- General Orwat
- General Ginsburgh
BOB - Mr. Clark
NASA - Mr. Morris
- Mr. Radius
State - Ambassador Leonhart
- Mr. Farley
- Dr. Ruser

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A. Chairman's Opening Remarks

Mr. Katzenbach regretted that General Wood, Director of the Study, was unable to attend. He would try to meet with General Wood later on to obtain his personal views and conclusions.

Mr. Katzenbach said he recognized that SIG members had not had a great deal of time to review the study. But, inasmuch as the SIG had commissioned this work, he felt the SIG should discuss next steps. Also, any preliminary comments SIG members might have would be helpful in the follow-on.

He personally found the report a very valuable, interesting document. He had no doubt that it would have a significant influence on policy making. It was encyclopedic in its survey of our overseas installations and facilities. Even if this were all, it would have considerable value to the new Administration.

Mr. Katzenbach noted the separate treatment on overseas intelligence facilities. He would like to discuss this volume with General Wood in a more restricted forum.

B. Ambassador McClintock's Presentation

The Ambassador said he would like to pay tribute to General Wood's role in the project. General Wood had provided intellectual leadership and teamwork. The Study clearly had his personal imprint.

The Study was the first effort in some 10 years to review all of our overseas installations and facilities. It differed in several respects from the earlier Nash report:

First, it examined our overseas base requirements on the basis of alternative strategies and options, whereas the earlier study had simply projected current doctrine;

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Secondly, it covered intelligence facilities, as well as other functional and regional requirements;

Thirdly, it considered in some depth a series of special technical problems associated with our installations, including their balance of payments and budgetary cost, the relationship with military and economic assistance programs, the implications of disarmament and arms control, and the impact of the accelerated advance of science and technology.

In preparing the Study, Ambassador McClinton said, the Group had examined United States security interests and commitments, and prospective trends in the world environment during the 1970s. In addition, it had prepared a comprehensive tabulation of all our installations and facilities country-by-country.

The United States now had overseas about the same number of people as it had ten years ago. These numbers, however, included troops deployed in Viet-Nam. Excluding Viet-Nam, personnel had been cut by half. These reductions were not concentrated in any one place but ranged from Korea to North Africa and Western Europe.

The Study fell into two parts--our overseas facilities as related to global requirements and the facilities needed essentially for the support of regional policies.

In the first category, the Group had considered the requirements for strategic offensive and defensive weapons systems, ASW, intelligence, early warning systems, and for research and scientific activities such as NASA tracking stations and the atomic energy detecting system.

As regards the treatment of regional policies and strategies, the Ambassador noted the alternative approaches discussed in the summary of the report, namely, the choice, for purposes of analysis, of assuming alternative base structures and examining

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their strategic implications, or of specifying alternative strategies and developing base systems to support them. The Group had chosen the latter course.

This was a basic point of methodology. It involved eight essential steps.

-- First, specify the military deployment requirements to support a particular regional strategy.

-- Second, determine which of these deployment patterns would require changes in the base structure.

-- Third, lay out the available base structure,

-- Fourth, assess the probability that the existing base facilities would not be retainable for political reasons.

-- Fifth, evaluate the vulnerability of the facilities to enemy attack.

-- Sixth, assess the extent to which available bases would support various regional strategies.

-- Seventh, highlight the specific changes from the present base structure required to support various regional strategies.

-- Eighth, estimate the cost of these changes.

Ambassador McClintock said the key chapter in the Study was Chapter 5, entitled "Policy-Strategy Alternatives and Base Structures for the 1970s", which reviewed in some detail the base structures required for support of each regional strategy. Each base and base complex had been costed out in terms of its initial investment cost and the annual balance of payments drain or savings.

Generally speaking, these cost estimates were fairly rough. In the case of the Pacific region, however, the various regional strategies had been subjected to a much more detailed costing by ~~Systems Analysis~~ (Vol. VII).

*Costing by a
Special Sub-
group.*

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The Study Group had been much encouraged because the results of this detailed costing were about the same as the rough estimates made by the Study Group itself.

This was the first time that major strategies for a world region had been subjected to this kind of systematic analysis.

Ambassador McClinton stressed that the Study Group had set forth certain broad alternatives only. They evidently had not been able to consider all the variations. One of the first tasks was to pinpoint which of these strategies should be analyzed in greater depth--a task for the new Administration.

Ambassador McClinton then proceeded to review the results of the regional analyses.

As regards Europe, the Study outlined five alternative strategies. The major constraint was that of geography. Unlike Asia, there was no realistic off-shore, over the horizon, deployment possibility. United States forces must be deployed in an area allowing only limited defense in depth--or they must be deployed 3,000 miles away in the United States.

The two key strategies were those of the NATO DPM--alternative 2A--and of forward defense with early selective use of nuclear weapons--alternative 3. The latter would result in an annual \$250 million balance of payments saving. The other strategies--alternatives 4 and 5--which assumed a thinning out--or removal--of the United States presence--envisaged a European (conventional and tactical nuclear) build-up to compensate for the withdrawal of the United States forces. They would permit an annual balance of payments saving of up to \$1.25 million (alternative 5).

Turning to the Pacific, Ambassador McClinton noted that the problem here had been to formulate alternative policies in a post Viet-Nam environment.

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One important conclusion was that withdrawal of forces from the mainland of Asia must not be equated with a budgetary saving because of the cost of moving United States forces to alternate locations and the cost of new installations in these locations. In fact, some of the withdrawal strategies were extremely expensive, e.g., redeployment of United States forces to Hawaii and the Pacific Trust Territories.

For each alternative, it was assumed that United States forces available for various contingencies were those of the ~~DPM for Asia~~ existing DPMs.*

Another important point was the trade-off between military assistance and United States forces deployments. For example, alternative 4 assumed forward defense on the mainland by indigenous forces only. This strategy involved an annual balance of payments saving of about \$600 million. But, to be fully implemented, it would entail an estimated investment cost of \$5-\$10 billion over, say, a ten year period to modernize indigenous forces.

A third conclusion was the critical importance of the Pacific Trust Territories. The United States did not now possess clear title to these territories. There was some danger that the Japanese would become so popular with the islanders that a plebiscite would return the islands to the Japanese.

Mr. Katzenbach noted that the problem was one of Congressional attitudes. There was unanimity within the Executive Branch on the need to do more in these Territories. He felt some progress had been made this past year in increasing Congressional awareness of the importance of this problem.

As regards the Western Hemisphere, Ambassador McClintock said the Study had considered three, progressively more interventionist, strategies. The conclusion was that we were able to handle virtually any contingency from our facilities in Puerto Rico

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Draft Presidential Memorandum

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and the Canal Zone. This pointed up a general lesson, viz. that the United States has a great deal of valuable territory suitable for support of various overseas strategies (e.g., Alaska and the Aleutian Islands, Hawaii and Guam, and our possessions in the Caribbean).

The other point to make was related to the importance of control over the Atlantic Narrows in the event of conventional war. In this connection, our access and overflight rights in Brazil were of considerable value.

Turning to the Near East, the main contingency--which in fact was not mentioned in the text--was that of an Arab-Israeli confrontation leading to United States involvement.

The main conclusion for this region was this: the DPM envisaged a maximal United States deployment of three divisions and 19 tactical air squadrons in support of Iran. The analysis had shown that such a deployment would not be feasible without additional access rights in Liberia, Morocco, Tunisia, Saudi Arabia and Ethiopia.

In the Indian Ocean area, all the alternatives pointed to the importance of Diego Garcia as a supply base and staging area. Even the Indian leadership, as it became more alarmed at Soviet activities, seemed to find such a facility less and less objectionable. For example, the possible deployment of Poseidon-armed nuclear subs would be much easier to handle from this island base.

Ambassador McClintock then summarized some general conclusions.

* General Wood had objected to making firm recommendations because, in his view, the purpose of the Study was to survey our assets, requirements, and capabilities. Nevertheless, the Study Group had set out a series of findings, in lieu of recommendations. Some of these were:

** policy / strategy recommendations
but had concurred in setting forth*

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-- First, the value of our security talks with Japan and Australia. In this connection, the question arose whether similar security talks at an appropriate level might perhaps be desirable with the Philippines.

-- Second, the desirability that base commanders be asked for periodic assessment of the capabilities of their facilities, so that the Executive Branch has a better, more up-to-date understanding of what these facilities are capable of and how they can support functional or regional requirements.

and -- Third, the importance of economic and military assistance as a way to preserve access and staging rights, build up local forces in lieu of United States deployments, ~~maintain close relations with host countries~~.

-- Fourth, the fact that research and development can be useful in reducing requirements in host countries. This had to be qualified in the sense that scientists and engineers were not sensitive to the need to avoid proliferation of our overseas bases and facilities.

-- Fifth, the fact that withdrawal of United States forces from forward positions may increase, rather than decrease, budget costs because of the expense of relocating troops and facilities.

-- Sixth, the point that certain base systems, such as those in the Western Hemisphere, can support multiple strategies and are not tied to any specific regional strategy.

-- Seventh, the continued importance of certain naval base facilities in Western Europe and the Mediterranean.

-- Eighth, the fact that reversion of Okinawa is inevitable. We would be better off trying to make the best possible deal rather than waiting until reversion is forced upon us. On the other hand, there was no reason to give up more than administrative responsibility and nuclear storage in peacetime on the Islands.

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-- Ninth, the desirability of taking another close look at the possible uses of Sattahip and Singapore in support of United States deployments, the latter through commercial arrangements using the facilities left behind by the British.

-- Tenth, the fact that staging and overflight rights in Africa and Latin America cannot be secured except on an ad hoc basis. We would have to be reconciled to this situation over the foreseeable future.

In conclusion, Ambassador McClinton said he would like to emphasize that preparation of this Study was a massive worldwide effort. The Group had enjoyed excellent cooperation from the Unified Commands, notably General Lemnitzer and CINCPAC, as well as the various Ambassadors.

C. Discussion

Mr. Barr wondered about the costs of strategies that envisaged withdrawal of our forces from forward positions. He felt that a distinction should be made between budgetary and foreign exchange costs. Ambassador McClinton agreed that redeployment of our forces to the dollar area, while costly in budgetary terms, would yield sizeable foreign exchange savings. *Budgetary costs and I.B.P. savings for each alternative are contained in the study,*

Mr. Eugene Rostow said that he found our staging rights in the Indian Ocean/Persian Gulf area quite unsatisfactory. As of now, our forces would be severely handicapped if they had to enter the Gulf. A United States presence in this area was important in view of the rivalry between the Shah and the Arabs and the importance of the oil supplies.

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Mr. Bohlen asked about the status of Diego Garcia. Mr. Nitze said that he had authorized a construction survey and that construction funds had been included in the FY 70 Defense budget. The cost of the planned installation was estimated at \$26 million. The diplomatic side of this problem had been solved.

General McDonald said he wanted to elaborate on the Study's cost estimates. These all assumed constant force levels. The savings shown resulted from different deployment patterns exclusively. In this respect, the Study differed from others which usually included savings resulting from changes in force structure.

Mr. Poats suggested that the funding of base rentals be examined on a world-wide basis. In the case of the Spanish facilities, this was a problem in FY 70. If it was decided to put the Spanish MAP into the Defense budget, the question arose whether this principle should not also be followed for other military assistance programs, which in effect represent a rental payment.

D. Disposition of the Study

The SIG then discussed next steps for review and disposition of the Study.

Mr. Katzenbach observed that, in his view, this was a matter for the next Administration. The SIG should, however, make interim arrangements to permit some follow-on work to go forward until the new Administration could decide on its own arrangements.

In addition, he felt it was very important not to foreclose any of the new Administration's options by premature disclosures. The Study contained extremely sensitive information. He saw some danger that bits and pieces would leak out, conveying a totally erroneous impression.

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Accordingly, he would like to propose:

-- First, recipients personally take responsibility to restrict distribution of the document in their own departments. As regards the State Department, those with a need to know, essentially the Assistant Secretaries, had copies. No further distribution was contemplated.

-- Second, there would be no distribution beyond that already made between now and January 20. In particular, he did not believe there should be an overseas distribution until the new Administration has an opportunity to review the document and the arrangements.

-- Third, as and when field comment is required, he questioned whether the whole report should be distributed. It might be preferable to limit distribution to pertinent portions of the report, i.e. a "sanitized" version containing all those sections pertinent to the addressee.

General Wheeler said he would like the JCS to study the various strategies contained in the paper. He would like the Chiefs to begin thinking about alternative regional strategies in these terms. He felt the Study contained important material for the next Administration's policy making.

Mr. Katzenbach said he had no particular difficulty with an internal JCS distribution on a need-to-know basis. In some respect, the JCS staff was perhaps more familiar with handling this kind of document. This also applied to the intelligence community.

Mr. Barr said he would like Treasury to review the foreign exchange cost estimates. What was important about these estimates was not only the overall balance of payments cost of the various strategies, but also where the balance of payments

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drain was occurring--whether it involved, e.g., Japan, Germany or the franc area.

Mr. Barr agreed that it was unlikely Treasury would be able to do much work on this problem before January 20 and that only part of the information was actually needed for review purposes.

Mr. Katzenbach emphasized that he did not advocate a rewriting of the Study. The Study was there to use. Rather, he was proposing that pertinent portions be excerpted from the complete report for further follow-on work on a need-to-know basis.

The SIG then discussed the Study Group's proposal to cost out additional strategies in greater detail--similar to the costing in Volume VII on West Pac. Mr. Katzenbach observed that the Study Group would require policy guidance on which of the various alternatives were worthy of further analysis. This guidance would have to come from the new Administration.

Another problem, Mr. Katzenbach said, was that the SIG did not know how the new Administration wanted to organize the national security process and, therefore, how to dispose of a study of this kind. (A similar problem existed with respect to a number of other SIG projects.) He would like to entrust to the Political-Military Group responsibility for further work, including:

1. Coordination of the interdepartmental review; and,
2. The preparation of appropriate recommendations.

He thought it better that the SIG assign responsibilities which the new Administration then could approve or modify as it saw fit. He did not feel that these arrangements would preempt the new Administration's options. The Political-Military Group would not be able to do more than begin the review of this massive study between now and January 20.

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Mr. Katzenbach said the proposal was to include intelligence facilities under these arrangements, with the understanding that the Political-Military Group would redelegate the intelligence part to a more restricted sub-group.

The intelligence facilities were of course a separate system. But, as the report recognized, there was a relationship between these facilities and other installations. There was need for a central point where conclusions about these various systems could be put together.

Admiral Taylor agreed that further work was needed on the intelligence parts of the Study. He found composition of the Political-Military Group somewhat amorphous. The membership appeared to vary from problem to problem. He would designate *Maj. Gen. Mv. John Reynolds* as the Agency's representative for this purpose. Also, the intelligence chapter should be taken up in a special sub-group of the PMG.

As regards the IRGs, Mr. Katzenbach suggested that the PMG try to identify specific issues on which it would like to have the IRGs' views and recommendations. (The IRGs would, of course, be free to comment on other pertinent aspects of the Study.)

The suggestion was made that the PMG might want to use a few of the more experienced cost analysts of the Study Group for its follow-on work.

Before adjourning, the SIG briefly took up three additional matters:

-- Mr. Katzenbach said he would like to include in the SIG directive some substantive guidance on the focus of the follow-on work in the Political-Military Group;

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-- Mr. Katzenbach proposed a revision in the stand-by press guidance;

-- The Group agreed that there was no need for Congressional briefings at this time inasmuch as the Study was a technical report rather than a decision document.

Arthur A. Hartman
Staff Director